

Michael E. Collins
State Bar No. (24029006)
MANIER & HEROD, P.C.
2200 One Nashville Place
150 Fourth Avenue, North
Nashville, Tennessee 37219
Tel: (615) 244-0030
Fax: (615) 242-4203
mcollins@manierherod.com

ATTORNEY FOR INTERNATIONAL FIDELITY INSURANCE COMPANY

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORTH WORTH DIVISION**

IN RE:	§	Involuntary Chapter 11
	§	
VITRO ASSET CORP., et al.,	§	Case No. 10-47470-rfn-11
	§	
Alleged Debtors.	§	Jointly Administered

**COMMENT AND LIMITED OBJECTION OF INTERNATIONAL FIDELITY
INSURANCE COMPANY TO THE EMERGENCY MOTION OF CERTAIN ALLEGED
DEBTORS FOR INTERIM ORDER AND FINAL ORDERS, PURSUANT TO 11 U.S.C.
§§ 105, 303, 363, AND 364, (I) APPROVING THE TERMS OF THE FINAL FINANCING
ORDER AND (II) SCHEDULING FINAL HEARING**

COMES NOW, International Fidelity Insurance Company ("IFIC"), by and through its undersigned counsel, and hereby submits this Comment and Limited Objection to the Emergency Motion of Certain Alleged Debtors to the Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 303, 363, and 364, (I) Approving Amendment of the Terms of the Final Financing Order and (II) Scheduling Final Hearing. In support hereof, IFIC states the following:

1. On or about November 17, 2010, certain creditors of the Alleged Debtors herein filed an involuntary petition for relief under Chapter 11 of Title XI of the United States Code ("the Code"). The Alleged Debtors' cases have been procedurally and jointly consolidated for purposes of administration. The Alleged Debtors continue to operate their businesses and manage their properties as Alleged Debtors in Possession, and no trustee has been appointed.

2. On or about March 16, 2011, the Alleged Debtors filed an expedited motion for, *inter alia*, entry of an order authorizing the Alleged Debtors to enter into the Affiliate Loan Documents¹ with the Affiliated Lenders, entered upon the Docket of this Court as Docket No. 182 ("the Motion").

3. In their Motion, the Alleged Debtors seek entry of Interim and Final Orders authorizing certain of the Alleged Debtors as Borrowers to obtain postpetition financing from the Affiliated Lenders secured by junior liens on the Collateral pursuant to the terms of an Affiliate Loan Agreement among certain of the Alleged Debtors and the Affiliated Lenders.

4. IFIC is a secured creditor of Super Sky Products and certain other of the Alleged Debtors proposed as Borrowers under the Affiliate Loan Documents. IFIC holds first position liens in and to all of the assets of Super Sky Products and that certain Subcontract Agreement dated as of January 22, 2010, by and between New Atlantic Contracting, Inc. and Vitro America ("the Subcontract") and the accounts receivable and proceeds therefrom. In addition, IFIC holds a perfected security interest in and to certain assets of Vitro America and VVP Holdings.

5. IFIC has conferred with the Alleged Debtors (and the Affiliated Lenders by and through counsel for the Alleged Debtors) regarding IFIC's objections set forth herein. IFIC believes that the parties have reached an agreement resolving IFIC's objections and that the submission of an order reflecting that agreement is imminent; however, IFIC files this Comment and Limited Objection to preserve its objections pursuant to LR 9014-1(a).

6. Accordingly, IFIC objects to the entry of the Order and the authorization of the Alleged Debtors to enter into the Affiliate Loan Documents to the limited extent that the Order and Affiliate Loan Documents do not: (i) specify that IFIC is a Prepetition Secured Party; (ii)

¹ Any capitalized term used herein but not defined will have the meaning ascribed it in the Motion and proposed Interim Order.

clarify that Super Sky Products is a Guarantor, not a Borrower thereunder; (iii) specify that the Affiliate Obligations will be subordinated to the indefeasible payment and satisfaction in full of all Surety Loss under (and as defined in) the Underwriting and Continuing Indemnity Agreement dated November 16, 2009, by and among Super Sky Products, Super Sky International, Vitro America, VVP Holdings, and IFIC, as amended, all indemnity and other obligations of Super Sky Products under the Agreement of Indemnity (GAI Form I) dated October 19, 2005, and Agreement of Indemnity (GAI Form II), entered into as of January 1, 2009, as amended ("the GAIs"), and to any and all exposure under any of the Bonds (as defined in said Underwriting Agreement and the GAIs, as applicable); (iv) specify that rights and interests, if any, to be granted to the Affiliated Lenders in and to any of the assets of Vitro America and VVP Holdings under the Affiliate Loan Documents are junior to the rights and interests of IFIC; and (v) clarify that the Collateral does not include any interest in any now or hereafter acquired assets of Super Sky Products or the Subcontract and accounts receivable and proceeds therefrom.

7. IFIC also objects to the Affiliate Loan Documents and Order to the extent that they do not expressly reserve and protect IFIC's right of equitable subrogation, which right is in addition to the rights and interests of IFIC in and to the Collateral and the assets of Super Sky Products as those rights arise or accrue by contract or under applicable law.

WHEREFORE, premises considered, IFIC respectfully requests that this Court deny the entry of the Order proposed by the Alleged Debtors, and otherwise condition any approval of the Affiliate Loan Documents upon the preservation and protection of IFIC's rights and interest as outlined in this Comment and Limited Objection, including and expressly reserving IFIC's rights of equitable subrogation, and for such other and further relief as this Court deems appropriate under the circumstances.

Respectfully submitted,

Michael E. Collins
MANIER & HEROD
2200 One Nashville Place
150 Fourth Avenue, North
Nashville, Tennessee 37219
(615) 244-0030 (TEL)
(615) 242-4203 (FAX)
mcollins@manierherod.com

CERTIFICATE OF SERVICE

I hereby certify that on March 24, 2011, a true and correct copy of the foregoing was served by ECF on the parties who are registered to receive electronic filings in this case and via facsimile to the parties listed below.

Louis R. Strubeck, Jr., Esq.
William R. Greendyke, Esq.
FULBRIGHT & JAWORSKI L.L.P.
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201
Facsimile: (214) 855-8200

Dennis F. Dunne, Esq.
Risa M. Rosenberg
Millbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005-1413
Facsimile (212) 530-5219

Andrew M. Leblanc
1850 K Street, NW, Suite 1100
Washington, DC 20006
Facsimile: (212) 263-7586

/s/ Michael E. Collins
Michael E. Collins